



WELCOME FROM THE EXECUTIVE DIRECTOR

BY: Ed Seaver, Family Business Institute

Welcome to the first edition of the Family Business Institute of East Tennessee's newsletter. This newsletter is being provided as a resource to family business owners in East Tennessee.

The Institute (FBIET) has gone through some major transitions this past year. Thanks to invaluable council, a refined focus and direction has been implemented. As a result of this transition, the Knoxville Chapter membership doubled in 2009 with an intentional objective to double again in 2010 and to double again in 2011. When all of this occurs, the Institute will have over 300 members.

Let's not get ahead of ourselves though. Why would a family-

owned business want to participate in such an experience? It all comes down to wisdom... wisdom from speakers who bring a wealth of information to the membership in *Forum and Morning Grind seminars*, from other family business owners through their interaction in *Peer Advisory Groups*, and from *Strategic Partnerships* with professional experts.

Forum and Morning Grind subject matter centers around four key areas:

1. **Leadership:** Helping the leaders and future leaders to be the best that they can be.
2. **Strategy:** Helping family business owners develop a competitive business strategy.
3. **Capital:** Helping make sure family-owned businesses have sufficient capital to be sustained for several generations.

4. **Core Family Values:** Helping family business owners identify the value systems within their own organizations so that they can make good decisions in their business to ensure a successful future.

Peer Advisory Groups provide a special opportunity for family business members to meet with other FBIET members to discuss pertinent information about their organizations. The groups are limited to ten members along with a facilitator. They meet monthly for about 2 1/2 hours in a closed door, confidential environment. This model has proven to be very successful in providing wisdom to family business owners. Not all groups are the same. We have groups just for CEO/Owners. Also, we have Next Generation, Women-Only,

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LEADERSHIP'S HOLY GRAIL

BY: Vergil L. Metts, Ph.D., Impact Associates

I've often said that the simplest definition of leadership is the ability to inspire *followership*. Simple enough, but how do you do that? What is it that is at the center of our ability to inspire others to act?

Consider for a moment what leads to our choice to do (or not do) anything. There is an axiom in psychology that says, quite simply, "All behavior is motivated." Seems straightforward enough, but motivated by what? Are we motivated by the reward or punishment we receive? By the acceptance of our friends and family? Or perhaps by our

sense of what is fundamentally right and wrong? All of these things certainly contribute to our motivation, but they are not at the core.

David Spangler's Law of Manifestation helps us understand that everything comes about in an orderly, predictable sequence that begins with the creation of an idea. It is that idea or way of thinking that motivates us to take (or refrain from) action, and our actions produce the results we see in our lives.

So as leaders, if we are to inspire followership in others, the key to success is in helping people change the way they *think*, because their ideas and beliefs are

what motivate their actions. That's certainly not to say that leaders should *tell* others how to think. In fact, quite the opposite. One of the greatest influence tools we have available is helping others think through things on their own.

"THE KEY IS HELPING PEOPLE CHANGE THE WAY THEY THINK..."

Based on research with executives and business leaders from almost every conceivable type and size of organization, Jeffrey and Laurie Ford have identified four critical categories of conversations that leaders can en-

gage in to have a positive impact on the way people think!:

- *Initiative conversations* occur when you propose a new idea or establish vision and goals, in such a way as to attract others to work with you to implement the idea or achieve the vision or goal.
- *Understanding conversations* take place when you want others to comprehend the full meaning of an idea, contribute their thinking to the idea, or relate an idea to their own experience so that they consider working to achieve or implement it.
- *Performance conversations* are those that request specific action and encourage people to make their own choices and commitments to follow through.
- *Closure conversations* aim to summarize work, reinforce accomplishment, and help

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STUCK IN MINUS 20 VALLEY

BY: Neil Gillespie, Shamrock Growth Associates

The Gross Domestic Product may be a few points down from 2008, but many small businesses are down 20% or more, especially those dependent on business and real estate investment.

Though many hope for a rebound to where business was in 2007, reality could be that demand in your market has bottomed at minus 20% or more and will stay there for a while. Government stimulators don't have a fresh way to heat the economy up like overextended credit and housing did from 2003 to 2007. So now what?

You have to look for new places for revenue. While easier said than done, short-circuiting the "normal" reaction to recession can facilitate things.

The normal reaction to "stuck at minus 20" is to spend less on marketing, cut back on people and make fewer sales calls, because you get sick of the rejection and may even start losing faith in your ability to attract customers from competitors. This results in sitting back and waiting for the economy to roar back and save the day. Again, what if your market *doesn't* rebound? How long will you wait?

If you're stuck where you are, doing what you do...

Then do something different. Sell different products and services to existing customers, or sell existing products and services to different *kinds* of customers. These strategies seem obvious, but you would be amazed at the responses I get when I suggest that a business sell its products or services to a different type of customer.

"Oh, we don't sell to them," they say, citing many reasons, most of them pretty groundless. So what's the *real* reason? They don't know how to serve these customers, nor do they

know how to *discover* how to serve them.

Here's a couple of ways to climb out of the "minus twenty valley". They both require some *discovery* though, which may take you out of your daily routine and out of your comfort zone. But if you want to return to the mountaintop, follow me.

Strategy #1: Take Market Share from Competitors

If salespeople are encountering reduced sales from current customers and more rejection from soliciting potential new customers, they can get discouraged and make fewer, less strategically focused sales calls. They need a shot in the arm. They need some help from marketing to turn up more **interested** prospects of the kind you want to penetrate. They need you to spend more on marketing in a very targeted way rather than less on marketing.

How can you do this? Develop a database of potential customers. Use all your people that have knowledge of customers, even suppliers to mark all the customers with the top competitor that is enjoying the most share of the business. Do a comparison of strengths and weaknesses for each major competitor. Find out why they buy from competitors vs from you. Find out precisely why your customers buy from you vs others. Then develop your marketing communications campaign to act as air cover that sets up your salespeople for a good series of calls. Retrain your salespeople and train them how to wedge into competitors' customers, or take away significant chunks of business where you are "**sharing**" it with competitors. Remember, your competitors may be a bit under-energized as well. Show their customers with attention.

Strategy #2: Market and Sell to New Types of Customers

This one is admittedly harder, primarily because you may not know what to

do for these types of customers. It may take a different promotional approach. You might have to handle orders differently. You might have to beef up your business software to do business electronically. These customers may need different delivery services or packaging. Your people may not know how to deal with these kinds of customers.

So you need to do a little research. That means you need to call on them in a different way. You have to resist the urge to talk about your business or ask them for an order when you talk to them, and you can't just talk to one and think you've got it nailed either, because you found out a few new things. You need to talk to about 4-6 of the same type of customers before you get a good idea of what to do for them. You need to see a *pattern*.

Who, What and How: Your Best Friends

What do you ask customers and prospects? Start by asking them **who** they serve, **what** they accomplish for customers and **how** they do it (what processes and resources that enable them to be so good).

After that, ask for what they look for in a supplier of the products and services you sell. Ask them about their business processes that require those supplier capabilities. Ask them what they like most and least about current suppliers. Ask them what nobody does well that they really need. Then roll all that up and see if you can do what they asked. Then retool your business to provide what they want and how they want it.

A business owner has an advantage over corporate representatives in that he or she can make more decisions as the **owner**. Use it to your advantage, but remember to go out there in a spirit of discovery, not as a salesperson. You'll end up selling more that way. You don't sell by selling. You sell by listening and responding.

for debate and involve others in the decision process so they get the fullest understanding possible, ask rather than tell to provide room for personal choice and commitment, and celebrate accomplishment to open the door to even greater achievement.

Effectively using these different conver-

sations can help those in your organization direct the ultimate motivating force of their own way of thinking toward creating shared success. And isn't that what leadership has been seeking all along?

1. Jeffrey Ford and Laurie Ford. *The Four Conversations: Daily Communication That Gets Results*. San Francisco, CA: Berrett-Koehler, 2009.

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people see their contribution to success and the possibilities that lie ahead.

Each interaction with people in your organization provides an opportunity to have one or more of these conversations. Focus on selling your ideas rather than imposing them, leave room